

Message Text

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 4031

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E.O. 11652: N/A

TAGS: AFSP, VE

SUBJ: REVISED LOCAL COMPENSATION PLAN

REF: (A) STATE 12985, (B) CARACAS 6625, (C) STATE 148968,
(D) CARACAS 8005

1. WE HAVE FOUND THAT THE REVISED LOCAL COMPENSATION PLAN, INSTEAD OF SERVING TO IMPROVE VENEZUELAN EMPLOYEE MORALE, HAS SERVED TO EXACERBATE IT EVEN FURTHER. THE PARTICULAR POINT AT ISSUE IS THE FACT THAT UNDER THE NEW PLAN AND IN ACCORDANCE WITH THE RECOMMENDATION OF THE WAGE SPECIALISTS, CERTAIN FRINGE BENEFITS THAT HAD BEEN INCLUDED IN THE BASE PAY WERE ISOLATED AND SHOWN AS A SEPARATE AMOUNT ON THE PERSONNEL ACTION FORMS. WHILE TAKE-HOME PAY HAS NOT SUFFERED, BASE PAY FOR ALMOST ALL EMPLOYEES IS ESSENTIALLY LOWER THAN IT HAD BEEN PRIOR TO JUNE 6, 1976. THE PRACTICAL EFFECTS OF THIS CHANGE ARE POTENTIAL REDUCTIONS IN SEVERANCE PAY, CIVIL SERVICE RETIREMENT BENEFITS, PREMIUM PAY (THIS WAS THE SUBJECT OF REF (D) AND CHRISTMAS AND VACATION BONUSES. THE PSYCHOLOGICAL IMPACT, WHICH IS PROBABLY MORE IMPORTANT, IS THAT IN ACCORDANCE WITH LOCAL LAW AND PRACTICE, INCLUDING THE VENEZUELAN LABOR CODE, ESTABLISHED SALARIES ARE CONSIDERED "ACQUIRED RIGHTS" AND CANNOT BE REDUCED. OF COURSE, ALL OUR VENEZUELAN EMPLOYEES ARE FULLY FAMILIAR WITH 3 FAM 930 AND THE INTERAGENCY HANDBOOK ON LOCAL EMPLOYEE COMPENSATION WHICH STATE THAT THEIR COMPENSATION WILL BE IN ACCORDANCE WITH PREVAILING PRACTICES OF LOCAL PROGRESSIVE COMPANIES. WE HAVE UNCLASSIFIED

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RECEIVED THE SUGGESTION, FOR INSTANCE, THAT THIS CASE BE CITED

AS CONTRARY TO THE INTENT OF THE REGULATIONS AND AS AN
ERRONEOUS MANAGEMENT PRACTICE BEFORE THE FSL WORKING GROUP
RECENTLY ESTABLISHED BY THE DIRECTOR GENERAL OF THE FOREIGN
SERVICE.

2. IN ORDER TO RETURN US TO AT LEAST THE STATUS QUE ANTE,
WE WOULD RECOMMEND THAT THE DEPARTMENT APPROVE ON AN URGENT
BASIS THE FOLLOWING MEASURE:

THAT THE ADJUSTED BASE PAY BE USED AS THE BASE FOR COMPUTING
SEVERANCE PAY, CIVIL SERVICE RETIREMENT BENEFITS,
PREMIUM PAY AND CHRISTMAS AND VACATION BONUSES, RETROACTIVE
TO JUNE 6, 1976.

3. A SUBSIDIARY POINT AT ISSUE IS THAT THE VENEZUELAN EMPLOYEES
HAVE NOT RECEIVED AN INCREASE SINCE MAY 1, 1974. THE NEW
COMPENSATION PLAN CAME UP WITH ONLY A MINIMAL INCREASE WHICH
HAS NOT KEPT PACE WITH THE INFLATION AND COST OF LIVING IN
CARACAS. ACCORDINGLY, LOCAL EMPLOYEES FEEL THEY HAVE NOT
RECEIVED A JUST INCREASE, SINCE THE INCREASED CHRISTMAS BONUS
AND VACATION BONUS WERE LONG OVERDUE AS THE RESULT OF THE
ISSUANCE OF A PRESIDENTIAL DECREE IN MAY 1975.
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